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IN THE

Supreme Court of the United States

ATLANTIC RICHFIELD COMPANY, CHEVRON U.S.A., INC., EXXON MOBIL CORPORATION, MOBIL OIL CORPORATION, SHELL OIL PRODUCTS COMPANY, AND TEXACO REFINING AND MARKETING, INC.

Petitioners,

v.

UNION OIL COMPANY OF CALIFORNIA

Respondent.

On Petition For a Writ of Certiorari To the United States Court of Appeals For the Federal Circuit

PETITIONERS SUPPLEMENTAL BRIEF

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PETITIONERS SUPPLEMENTAL BRIEF

Petitioners (hereafter "Refiners") reply to the amicus curiae brief filed by the United States on January 19, in response to the Court's October 16, 2000, request.

1. Refiners and their supporting amici provided the Court with three reasons to grant the petition:

Impact on regulatory processes – "Unocal's prosecution of this patent distorted and abused California's administrative regulatory process, and provides a model for similar mischief in a variety of important environmental and consumer protection contexts." States Br. 1. *See also* Pet. 10-11.

Impact on the public – "[T]he Federal Circuit's decision potentially allows Unocal to . . . significantly increase the price consumers pay for gasolines." States Br. at 1. *See also* Pet. 9-10. Alternatively, if Refiners seek to blend around the Unocal patent, as the Government suggests, US Br. 13, General Motors reports that there would be significant adverse air quality impacts. *See* GM Br. 7-11. Either way, the public will be injured by the Unocal patent.

Impact on the parties – The Unocal patent, together with four successor patents, contain 800 claims that seek to blanket regulatory requirements not only in California, but also throughout the United States under the EPA Phase II Clean Air Act requirements. API Br. 5-6. While the Refiners have already been held liable for $83 million on one patent for just five months in only California, Pet. 5, Unocal's patents threaten all other refiners, distributors, retailers, and even consumers of gasoline throughout the United States. API Br. 6. *See also* Cong. Br. 4.

Confronted with the views of 34 states, various members of Congress, the petroleum industry, and the nation's largest automobile manufacturer regarding the

impacts of the Unocal patent, the Government states that it "share[s] petitioners' and amici's concern about possible misuse of the regulatory process by a patent applicant." US Br. 9. *See also id.* at 17 (reiterating that concern and identifying an additional "threat[] posed by 'gaming' the regulatory process" through patenting). Moreover, the Government concedes that Unocal's "patent may turn out to be a very important one." *Id.* at 16. Nonetheless, the Government concludes that "[e]ven if [Unocal's patent] is as significant as petitioners fear . . . this Court's review is not warranted . . . ." *Id.* at 8.

The Government does *not* justify this surprising conclusion on the ground that the court of appeals correctly decided this case, but instead concedes that "both of [the] issues present close questions." *Id.* Thus, the sole predicate for the Government's recommended denial of the petition is that the case raises "relatively narrow issues regarding the particular terms of a particular patent." *Id.*[1] As we will show, the Government's own brief belies that description of this case and in fact reinforces Refiners' and amici's arguments that this Court should hear this case.

2. *Written description.* As the Government recognizes, the fundamental question in any written description case is whether "the inventor had possession, as of the filing date of the application relied on, of the *specific* subject matter later claimed." *Id.* at 9 (emphasis added). In this case, the facts indisputably show – with or without

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[1] The Government's Statement is carefully tailored to support this recommendation. *See, e.g.*, US Br. 1, reporting that "*some*" of the 41 claims "are similar to the CARB regulat[ions]," whereas virtually all have the same low RVP, high T10, 4-6-10% olefins, or high paraffins of the CARB regulations. Pet. App. 62a-64a.

Unocal's testimony[2] – that Unocal's claims were amended after CARB's regulations in ways contrary to the teachings of the patent and bear an unmistakable resemblance to the CARB regulations. Pet. 3-4, 15. Moreover, these amended claims were an infinitesimal part of the universe encompassed by an application that was filed to capitalize on future CARB regulations, JA379 (attached to GM Reply of Sept. 26, 2000), and recited ranges of properties corresponding to then-existing legal requirements – e.g., *every* value of olefins from the 15% legal maximum to zero, JA465. *See* Pet. 15.

These undisputed facts establish, or at least strongly suggest, under *In re Ruschig*, 379 F.2d 990 (C.C.P.A. 1967), which the Government acknowledges as binding authority, US Br. 12, that Unocal did not have "possession" of the CARB-inspired claims at the time the application was filed; it was the 1991 CARB regulations – not the "blazemarks" in the 1990 patent application – that explain the 4-6-10% olefins limitations of the amended claims, when the patent taught 0%, as well as the 158°F T10 limitation, when the patent taught ≤140°F. *See* Pet. 3-4, 15-16. The court of appeals, however, by its *complete* disregard of these facts, treated as irrelevant Unocal's amendment of its claims after the publication of CARB's regulations.

Like Unocal, the Government relies upon the silence of the Federal Circuit in disposing of the written description argument in this case, arguing that it "did not *purport* to eliminate or weaken the [written description]

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[2] The Government attaches the testimony, cited at Pet. 3, of one of Unocal's "inventors" regarding the resemblance that its amended claims bear to the CARB regulations. The testimony that Unocal's claims were "narrowed" – a contention reiterated by the Government, US Br. 11,12 n.3 – and that "we never" took CARB's numbers for RVP, T50, and olefins cannot be squared with the undisputed facts. *See* Pet. 3-4, 15-16.

requirement . . . [n]or did it *purport* to hold that a laundry list . . . would constitute a sufficient written description." US Br. 12-13 (emphasis added). On this basis, the Government proclaims that the court of appeals has left "in place the important safeguards in patent law that petitioners emphasize," *id.* at 13, and even argues that Refiners and the Federal Circuit "largely agree" on the "settled legal principles" governing this case, *id.* The Federal Circuit's silent destruction of § 112 as protection against regulatory abuse is *not* a legal principle with which Refiners, 34 states, and the other amici agree.

However, the United States does. In a brief that bears the names of the Acting General Counsel, Solicitor, and two other lawyers of the Patent and Trademark Office ("PTO"), the Government proclaims the irrelevance of copying regulations even in a § 112 written description case like this one, where a regulatory agency – not the application – provides the blazemarks to the amended claims:

> [E]ven if [Unocal's] claims were amended to "resemble" the CARB regulations, as long as the amended claims are sufficiently described in the originally filed specification, the reason for amendment is not a fact that will affect the patentability analysis of 35 U.S.C. 112.

US Br. 18 n.8. *See also id.* at 17 ("the subsequent adoption of regulations would not have any effect" under § 112).

These representations make even clearer what was already apparent from the Federal Circuit's decision in this case: Unless this Court reverses the Federal Circuit, the PTO will issue patents where patentholders game the process in the way that occurred here. The copying of regulatory requirements during patent prosecution will be deemed

irrelevant, if there is *anything* in the original application to which the applicant can later point as a "disclosure" of the invention.[3] This stark assertion of the irrelevance of regulation under § 112 – far from diminishing the importance of this case – substantially heightens it, because now there is no doubt about the PTO's position on § 112 in issuing patents.

The Government's attempt to minimize this vitiation of § 112 as a bulwark against gaming of the patent and regulatory processes by pointing to other "mechanisms available to address" this issue, US Br. 18, does not withstand analysis. The patent misuse doctrine applies where a patent holder attempts by anticompetitive conduct to extend its monopoly and has nothing to do with the type of gaming that occurred here. *See Zenith Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 135-141 (1969) (cited at US Br. 18). The same is true of inequitable conduct, which prevents the enforcement of patents obtained by fraud on the PTO, not appropriation of regulatory requirements. *See Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 818 (1945) (cited at US Br. 18).[4]

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[3] Here, for example, the Government, US Br. 6, cites the Federal Circuit's holding, Pet. App. 16a-17a, that a T10 of <158°F – which appeared in 16 of the 41 claims, Pet. App. 62a-64a, after CARB decided not to regulate T10 – was "disclosed" by a reference to the pre-existing ASTM standard that governs all automobile fuels, while ignoring the fact that the patent application taught T10 of ≤ 140°F to ≤ 122°F. *See* Pet. 3, 15.

[4] The Government implies that Refiners' regulatory gaming argument was rejected below under the inequitable conduct doctrine. US Br. 18. However, as the opinion of the Federal Circuit shows, *see* Pet. App. 22a-23a, Refiners' inequitable conduct argument concerned Unocal's failure to disclose its own data to the PTO which demonstrated that many of its claims were anticipated by prior art unleaded gasolines.

The Government's reference to 35 U.S.C. § 102(f), US Br. 19, is entirely misplaced. Refiners could have prevailed on a § 102(f) defense only by establishing that the Unocal applicants learned of the CARB regulations *before* they filed their application in December 1990. *See Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1576 (Fed. Cir. 1997). This case presents the issue of Unocal's amendment of its claims *after* November 1991 when CARB published its regulations.

Finally, the Government's excursions into non-patent law – suggesting congressional action to require Unocal to license its patent on terms different than the 5-3/4¢ per-gallon royalty awarded by the jury, US Br. 14 n.6, and referring to the FTC's authority to sanction Unocal if it made "affirmative misrepresentations" to CARB, *id.* at 19 – are off point and self-defeating. Neither justifies the fundamental misapplication of the patent laws that occurred here. Both recognize the significance of the Unocal patent and the questionable nature of Unocal's conduct. Together they make inexplicable the Government's assertion that "[t]his case does not present a suitable vehicle for this Court to address the larger problems surrounding the intersection of the patent and regulatory processes that petitioners and amici seek to raise." US Br. 20.

This Court has, since the 19th Century, recognized that the written description requirement of § 112 limits patent amendments to ensure that the applicant has invented what is later claimed. *See Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U.S. 47, 57 (1938); *Gill v. Wells*, 89 U.S. (22 Wall.) 1, 26 (1874). *See also Muncie Gear Works, Inc. v. Outboard, Marine & Manufacturing Co.*, 315 U.S. 759, 786 (1942), discussed at Pet. 11.

Given what the Government concedes arguendo to be the significance of the Unocal patent, it is hard to imagine a more "suitable vehicle" to decide whether the Federal Circuit

correctly disregarded the copying of regulations in a § 112 case. The Government's argument that the outcome of the case is "highly dependent on the specific, and highly technical, facts of this case," US Br. 8, and that "written description questions are intensely factual, and should be dealt with on a case-by-case basis," *id.* at 9-10 (quoting the panel majority, Pet. App. 21a), can be asserted in all § 112 cases to shield the Federal Circuit's decisions from this Court's review. In any event, this argument collapses when the undisputed facts reveal the worst-case scenario that occurred here.[5]

As Justice Jackson stated for a unanimous court facing a similar issue in *Muncie Gear*, the patent laws should be interpreted in accordance with "the public interest [that is] sought to be safeguarded by the patent statutes." 315 U.S. at 768. The Federal Circuit's – and now the Government's – conclusion that copying regulations plays no role under § 112 defies that principle and raises an issue that is not only "suitable" for decision by this Court, but is *essential* to prevent the type of abuse of the patent and regulatory processes that occurred in this case.

3. *Claim construction.* The Government's argument with respect to the lower courts' construction of the Unocal patent claims founders on the same ground as its written description argument. Conceding that "reasonable minds could differ on [the claim construction] question," US Br. 16, the Government argues that "although the [Unocal] patent may turn out to be a very important one, its *precise* effect on the gasoline market remains *uncertain*, and it is not of

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[5] (1) An "invention" that has value only if its use is required by regulations, (2) stemming from a laundry list application that anticipated regulations and contemplated myriad combinations, (3) with blazemarks that pointed away from – not toward – claims that were amended in ways that resemble those regulations.

sufficient general importance to warrant this Court's review," *id.* (emphasis added). But given the impacts of the Unocal patent on both federal and state regulatory processes, the public, the parties, and the 34 states and other amici who have filed briefs in support of the petition, it is wholly unconvincing for the Government to oppose certiorari on the grounds that the Unocal patent's "precise effect . . . remains uncertain."

Moreover, the Government's statement that the Federal Circuit "adopted the key legal principles relied upon by petitioners," *id.* at 15 – including *McCarty v. Lehigh Valley Railroad*, 160 U.S. 110, 116 (1895), which bars the inclusion of elements not mentioned in the claim, and *General Electric Co. v. Jewel Incandescent Lamp Co.*, 326 U.S. 242, 249 (1945), which bars the patenting of an old product based upon newly discovered uses – is contradicted by the very arguments that the Government advances in its brief.

Thus, its contention that "both courts found 'extensive support'" in the patent's "description of the automobile emissions *problem* addressed by [the] invention" and by "its *use* of ordinary passenger automobiles in testing the claimed fuel," US Br. 15 (emphasis added), show that the lower courts' approach to this case *was* premised upon a claim construction that depended upon the new use of an old product, contrary to *General Electric*.[6] The Federal Circuit's

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[6] The Government's approving quotation of the district court's statement that the factual issue under § 102(b) was "whether [the patent] teaches a new *process* defined by the properties of the resulting composition," US Br. 5 (emphasis added), quoting Pet. App. 46a, actually confirms the error below. Each of the claims at issue here is for a product that is subject to *General Electric*, not for a process. *See* Donald S. Chisum, CHISUM ON PATENTS § 1.03[8][c] at 1-176-77 (1997) ("[P]roduct claims cannot be supported by . . . a new use of an old (...continued)

correct statement, which the Government (*id.* at 16) quotes, that product "claims cannot * * * embrace only certain uses of [a] composition," is flatly at odds with that court's erroneous reasoning upon which the Government relies.

The other "extensive" support found in the patent – *i.e.*, "its comparisons of the claimed gasolines to 'typical gasoline fuel,'" *id.* at 15 – is wrong on two counts:

First, the *only* references in the Unocal patent to "typical gasoline fuel" are (1) its acknowledgement that "typical" gasolines are comprised of olefins, paraffins, and aromatics, whereas the preferred embodiment of Unocal's invention had no olefins and Unocal's amended claims require no aromatics, *see* Refiners' Reply 7; and (2) its comparison of the "reduction in emissions" of the invented fuels to "a typical fuel," JA467. Because Unocal's fuels are not "typical" and because the terms "traditional" or "standard automotive gasoline" are nowhere mentioned in the patent, it is clear that both lower courts violated *McCarty* in limiting Unocal's claims to such fuels.[7]

Second, the phrase "traditional motor gasoline" was read into the claims for the *explicit* purpose of limiting the claims and avoiding the defense of anticipation, as the district court admitted and Unocal has *never* denied. *See* Pet. 22, quoting Pet. App. 52a. The fact that the court of appeals expressed "no disagreement" with *McCarty*, US Br. 15, by the same device that it used in sidestepping Refiners' § 112 argument – *i.e.*, ignoring what the record shows and Refiners

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product .... [A] process claim may be allowed confined to the new use").

[7] Gasoline does not have to be "typical," "traditional" or "standard" to be "suitable for combustion in an automotive engine," as required by the patent. Unocal touted its own unleaded racing gasoline as "ideal" for "street vehicles." *See* Pet. 22.

vigorously argued below – cannot justify the departure from *McCarty* that occurred here.

CONCLUSION

For the reasons stated herein, as well as in the petition and the briefs of the 34 state, congressional, petroleum industry, and General Motors amici, the petition should be granted.

Respectfully submitted,

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